

APPENDIX A

PUBLIC AND INDIAN HOUSING

TENANT-BASED ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

The conference agreement adopts the account structure proposed by the House to fund tenant-based section 8 activities and project-based section 8 activities in two separate accounts to provide better transparency and oversight of expenditures in these programs that now represent over fifty percent of the Department's budget. The Senate proposed to continue to fund both tenant-based and project-based Section 8 activities in the Housing Certificate Fund.

The joint explanatory statement of the managers herein reflects the agreement of the conferees on tenant-based and project-based section 8 programs and activities. The language and direction included in this joint explanatory statement of the managers replaces any language included in the Senate report regarding these programs, including Senate language under the Housing Certificate Fund account, and replaces any language included in the House report regarding these programs, including House language under the Tenant-Based Rental Assistance, Project-Based Rental Assistance, and Housing Certificate Fund accounts.

The conference agreement appropriates \$14,885,000,000 for tenant-based section 8 (voucher) activities under the Tenant-Based Rental Assistance account instead of \$14,677,019,000 as proposed by the House. The Senate proposed \$15,359,019,000 for these activities within the Housing Certificate Fund account. Language is included designating funds provided as follows:

Activity	Conference Agreement
Voucher Renewals	\$13,462,989,000
Tenant Protection Vouchers	163,000,000
Administrative Costs:	1,259,011,000
(Administrative Fees)	(1,210,107,000)
(Family Self-sufficiency Coordinators)	(46,000,000)
(Working Capital Fund)	(2,904,000)
Total, Tenant Based Rental Assistance	\$14,885,000,000

Section 8 Voucher Renewals: The conference agreement includes \$13,462,989,999 to fund tenant-based section 8 vouchers in calendar year 2005, instead of \$13,303,177,000 as proposed by the House. The Senate proposed \$13,787,115,000 within the Housing Certificate Fund. New language is included setting forth the distribution of renewal funds as described herein.

The Department is provided \$13,462,989,000 to fund tenant-based vouchers in calendar year 2005. HUD shall not use recaptures from any source or any project-based carryover to augment total 2005 funding for this account. HUD shall provide all public housing agencies (PHAs) with a fixed, annual budget that each agency must manage their voucher programs within for 2005. HUD shall determine such annual budgets for public housing agencies using the average of the May, June and July 2004 Voucher Management System (VMS) data (for leasing and costs) as reported to, verified, and determined to be complete by HUD. Moving To Work (MTW) agencies shall be funded based on their agreements and are subject to the same adjustments made to all other PHA annual budgets based on funding availability. If an agency failed to report verifiable data into VMS during the May-July time period, HUD shall use the complete three-month submission of VMS data averaged for the period of February, March and April 2004. If an agency has not submitted VMS data for the previously referenced periods, HUD shall use the agency's year-end financial statement for fiscal year ending no later than March 31, 2004. HUD shall then adjust the VMS costs for each agency by applying HUD-published 2005 annual adjustment factors (AAFs) to determine an annual funding eligibility for each agency. HUD may make any necessary adjustments for the costs associated with the first-time renewals of tenant protection and HOPE VI vouchers in 2005. The Department is to obligate the entire amount of funds provided for voucher renewals to the public housing authorities at the time annual budgets of the public housing authorities are established pursuant to the formula prescribed herein and in the Act. Finally, HUD will, to the extent necessary, pro rate each public housing agency's budget to stay within the amount appropriated.

The voucher program is strictly a dollar-based, or budget-based program in 2005. This new structure is designed to provide flexibility for PHAs to manage their voucher programs, so long as such flexibility meets current legal requirements and PHAs manage within their annual budgets. This could include lowering eligible rents in order to expand utilization to no greater than their authorized levels. PHAs are expected to manage utility costs, decreased tenant contributions and protect the most at-risk families within these budgets. HUD is not provided a central fund or any other funds to address increased leasing or costs in 2005. Furthermore, HUD is not provided any funding to replenish program reserves in 2005, nor can carryover or recaptures be used for this purpose. Agencies must manage within their annual budget as determined by HUD, pursuant to the formula prescribed herein and in this Act. HUD must issue a notice implementing the

tenant-based provisions of this Act, including details on the eligibility for the \$25,000,000 in administrative fees set aside under this Act, within 30 days of enactment of this Act. HUD will also communicate all agencies' annual budget amounts directly to each agency within 45 days of enactment of this Act. This intended to provide agencies with as much advanced notice as possible in order to manage their budgets successfully in 2005. HUD shall also provide agencies with flexibility to adjust payment standards and portability policies as necessary to manage within their 2005 budgets. Agencies shall ensure that current elderly and disabled voucher families be protected against significant impacts resulting from adjustments made by agencies to maintain their voucher programs within their 2005 budgets.

The conference agreement does not include language proposed by the Senate to allow recaptures to be used to augment funds appropriated for section 8 vouchers. Instead the conference agreement includes language elsewhere in this title that prohibits the use of recaptures for this purpose, similar to language proposed by the House.

The conference agreement does not include language proposed by the Senate to allow funds to be used to amend a public housing agency's voucher renewal amount. The House did not include similar language.

The conference agreement does not include language proposed by the Senate to allow the Secretary to transfer funds among various activities. The House did not include similar language.

The conference agreement does not include language proposed by the Senate to allocate renewal funds based upon information submitted to the public housing agency as of October 1, 2004, adjusted by an inflation factor established by the Secretary, and further adjusted based on certain other factors. The House did not include similar language.

The conference agreement does not include language proposed by the Senate requiring that all units be subject to a rent reasonableness test. The House did not include similar language. The conference note that public housing agencies are statutorily required to determine and ensure rent reasonableness and expect this requirement to be followed.

The conference agreement does not include \$100,000,000 for a Central Fund as proposed by the Senate. The House did not include similar language or funding.

Language is included, as proposed by the House, prohibiting funds from being used to fund a public housing agency for vouchers in excess of their authorized level. The Senate bill included similar language.

Tenant Protection. – The conference agreement includes \$163,000,000 for rental subsidies for tenant protection activities to replace project-based section 8 assistance with section 8 vouchers, for conversion of section 202 and section 23 projects to section 8 assistance, for the family reunification program and for the witness protection program, as proposed by the House and the Senate.

The conference agreement assumes that new vouchers under the Revitalization of Severely Distressed Housing Program (HOPE VI) will continue to be provided within that account as proposed by the House. The Senate did not address this matter.

Administrative Fees. – The conference agreement includes \$1,210,107,000 for public housing agencies' administrative cost and other expenses, instead of \$1,161,938,000 as proposed by the House and \$1,256,000,000 as proposed by the Senate.

Modified language is included, similar to language proposed by the House, designating \$1,185,107,000 to be allocated to public housing agencies for the calendar year 2005 funding cycle on a pro rata basis based on the amount the public housing agencies were eligible to receive in calendar year 2004. In addition, new language is included making up to \$25,000,000 available to the Secretary to allocate to public housing agencies that need additional funds to administer their programs. The conferees direct the Department to specify the activities eligible for this funding in the notice to be issued within thirty days of enactment of this Act. The Senate did not include similar language.

Language is included as proposed by the Senate to allow section 8 administrative fees to be used for section 8 rental assistance activities, including related development activities. The House limited the use to section 8 rental assistance activities.

Family Self Sufficiency Coordinators. – The conference agreement includes \$46,000,000 for public housing agencies family self-sufficiency coordinator staff as proposed by the House instead of \$48,000,000 as proposed by the Senate.

Working Capital Fund. – The conference agreement includes \$2,904,000 for transfer to the Working Capital Fund, instead of no less than \$2,904,000 as proposed by the House. Modified language is included to broaden the uses of these funds to include other departmental information technology needs.

Language proposed by the Senate is not included to require all public housing agencies to submit accounting data for funds provided under this account in this Act or any other Act by source of funds and purpose of such funds. This requirement was made permanent in the fiscal year 2004 Act. The House did not include similar language.

Language is also included elsewhere in this Act rescinding funds provided in previous years under the Housing Certificate Fund, including funds previously made available for certain tenant-based rental assistance activities.